



The Borden Company

AND ALL SUBSIDIARY COMPANIES

MAR 20 1925

SIXTH ANNUAL REPORT

For the fiscal year ended December 31, 1924

March 1925 · THE BORDEN COMPANY · *New York*

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SIXTH ANNUAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 1924



March 1925
THE BORDEN COMPANY
New York

THE BORDEN COMPANY

DIRECTORS

UNION N. BETHELL	ALBERT G. MILBANK	SHEPARD RARESHIDE
LEWIS M. BORDEN	ARTHUR W. MILBURN	HENRY C. SHERMAN
ALBERT T. JOHNSTON	GEORGE L. NICHOLS	ROBERT STRUTHERS

OFFICERS

ALBERT G. MILBANK, *Chairman Board of Directors*
ARTHUR W. MILBURN, *President*
ALBERT T. JOHNSTON, *Vice-President*
SHEPARD RARESHIDE, *Vice-President and Treasurer*
CHARLES C. LOBECK, *Vice-President*
WALLACE D. STRACK, *Vice-President*
WILLIAM P. MARSH, *Secretary and Assistant Treasurer*
GEORGE M. WAUGH, JR., *Controller and Assistant Secretary*
STEPHEN J. DEBAUN, *Assistant Treasurer*

GENERAL OFFICES

THE BORDEN COMPANY

350 Madison Avenue, New York City	503 Market Street, San Francisco
510 North Dearborn Street, Chicago	180 St. Paul Street West, Montreal, Canada

BORDEN'S FARM PRODUCTS COMPANY, Inc.

110 Hudson Street, New York City	326 West Madison Street, Chicago
120 Murray Street, Montreal, Canada	

Transfer Agent, SEABOARD NATIONAL BANK, 115 Broadway, New York City
Registrar, BANKERS TRUST COMPANY, 16 Wall Street, New York City
Counsel, MASTEN & NICHOLS, 49 Wall Street, New York City

CORPORATE ORGANIZATION AND SCOPE

THE business of your Company may be divided into two parts:

- (1) The manufacture and sale of milk products comprising:

CONDENSED MILK	CONDENSED COFFEE AND MILK
EVAPORATED MILK	CONDENSED COCOA AND MILK
DRIED MILK	CARAMELS
MALTED MILK	

- (2) The purchase, preparation and distribution of fresh milk, cream and other dairy products by a system of wagon deliveries.

THE manufacturing operations are conducted by The Borden Company (which dates back to 1857 in the production of Eagle Brand Condensed Milk), and its following manufacturing subsidiaries:

<i>Corporate Name</i>	<i>Percentage of Stock Owned</i>
THE BORDEN SALES CO., INC.	100%
BORDEN'S PREMIUM CO., INC.	100%
THE BORDEN COMPANY OF CALIFORNIA	100%
THE BORDEN COMPANY OF UTAH	100%
THE BORDEN COMPANY, LTD. (CANADA)	100%
BORDEN REALTY CORPORATION	100%

THE fresh milk and dairy products distribution in the so-called Metropolitan District of New York City and adjacent territory, in Chicago, Ill., and its suburbs, and in Montreal, Canada, is conducted by subsidiaries as follows:

<i>Corporate Name</i>	<i>Percentage of Stock Owned</i>
BORDEN'S FARM PRODUCTS CO., INC.	100%
BORDEN'S FARM PRODUCTS CO. OF ILL.	100%
BORDEN'S FARM PRODUCTS CO., LTD. (CANADA)	100%

COMMENT

YOUR attention is directed to some of the more important details of the appended Financial Statements which correctly reflect the results of 1924 operations and the condition of the Company at the close of that year, during the last half of which \$2,886,800 of new capital was supplied it by stockholders, through the medium of subscription to an additional 28,868 shares of Common Stock at par, \$100.00 per share.

Sales. Sales for the year were again substantially larger than in the preceding year, both in volume and value. Domestic sales volume was the largest in the history of the Company.

Net Income. Net Income derived was \$5,412,705.62, being 4.93% on sales and \$20.46 per share of Common Stock outstanding (including the new issue above referred to) after charges of every nature and Preferred Dividends.

Capital Expenditures. The total of Property, Plant and Equipment shows an increase for the year of \$6,646,283.44. Of this amount \$2,221,613.44 is accounted for by reclassification of certain assets heretofore classed as "Current" but now more conservatively considered as "Equipment." In connection with certain property purchases made, \$765,793.89 of reserves were taken over. This leaves a balance of \$3,658,876.11 which, after considering \$194,000 of mortgages assumed on purchases of property and \$15,000 of mortgage installments paid, makes an aggregate of \$3,479,876.11 of Capital Expenditures involving Cash. This represents the cash outlay covering an addition to our Madison Avenue office building, increased and improved manufacturing facilities throughout the country, and an extension of distributing business

and facilities therefor in New York, Chicago and Montreal by the Farm Products Companies.

The \$194,000 of mortgages *assumed* and referred to above, accounts for the increase in the Balance Sheet item of "Mortgages" as compared with 1923. *No mortgages were created by this Company nor any of its subsidiaries during the year.*

Inventories. Inventories decreased during the year, amounting on December 31st, 1924 to \$6,353,371.91 as compared with \$10,412,469.42 on December 31st, 1923. This decrease is accounted for to the extent of \$2,221,613.44 by the reclassification of assets previously referred to. The balance of the decrease reflects the greater volume of current business during the latter months of 1924 as compared with 1923.

Net Working Capital and Ratio of Current Assets. Net Working Capital amounted on December 31st, 1924 to \$12,445,790.76 as compared with \$10,090,543.50 as of December 31st, 1923. Current Assets as of December 31st, 1924 amounted to \$2.45 for every \$1.00 of Current Liabilities, which compares with a ratio of \$2.40 for every \$1.00 of Current Liabilities as of December 31st, 1923. The above figures and comparisons of Net Working Capital and ratio of Current Assets for both 1923 and 1924 are after reclassification of assets heretofore classed as "Current" but now considered as "Equipment" and previously referred to.

Indebtedness. There were no outstanding bank loans at the close of the year and no floating indebtedness of any form other than the normal amount of Accounts Payable and Accrued of a current nature.

Collections Credits and Discounts. Collections were excellent. Credit losses continued very small, and advantage was taken of all cash discounts.

Stockholders. The stock records of the Company show a total of 1,606 holders of Preferred Stock and 4,367 holders of Common Stock, or a grand total of 5,973 holding both classes, with an average individual hold-

ing of about 53 shares. Employees hold an aggregate of 26,672 shares of the Company's stock.

*Prospects
and
the Organi-
zation.*

More than a normal amount of unfilled orders were carried over into the new year. New business since the first of the year has been in satisfactory volume and indications point at this time to a year of good business. In addition to the foregoing measure of the future, the character, ability, spirit and methods of the organization serving this business are such as to give assurance of proper and intelligent handling of its affairs which, coupled with the established good-will of the Company, is after all the best assurance that can be given of the continued growth and prosperity of the business.

*Additional
Capital
Requirements.*

As hereinbefore mentioned, our cash Capital Expenditures in 1924 amounted to \$3,479,876.11 which exceeded the \$2,886,800.00 of new capital supplied by stockholders during that year by \$593,076.11.

Further expansion of our facilities involving the expenditure of several millions of dollars is necessary during 1925, some of which has already been accomplished.

Our volume of business showed a decided increase in 1924, while 1925 promises to show a further substantial increase. This expanding business makes larger working capital necessary.

A strong cash position is, of course, always a source of strength and much to be desired.

The \$2,886,800.00 of capital supplied by stockholders in 1924 was the first new capital going into the business since 1909 (the needs of the business during that period having been financed from earnings), and the first opportunity given stockholders within that fifteen year period to further invest and advantageously participate in the development of the business.

Because of all the foregoing, the Board of Directors has deemed it wise to offer additional Common Stock to our stockholders from the unissued authorized balance thereof to the extent of 10% of their

holdings of Preferred and Common Stock at par. Details as to the issuance of warrants, dates and terms of payment, etc., are matters of which you will be separately advised.

*Proposed
Change in
Par Value of
Common
Stock.*

The Directors have also decided to recommend a change in the par value of the Common Stock, reducing it from \$100.00 to \$50.00 par and issuing two shares for each one now outstanding. Your approval of this change will be sought at the Annual Meeting of stockholders on April 15th, 1925, proper notice of which, including all details, will be mailed you in due course and at about the time of sending this report.

The reduction in par is in keeping with modern trend and should broaden the distribution of Common Stock and the market therefor.

Respectfully submitted,

ARTHUR W. MILBURN,
President.

THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

Consolidated General Balance Sheet, December 31, 1924

ASSETS

Property, Plant, and Equipment, including Madison Ave. Office Building	\$36,621,007.69	
LESS: Mortgages on Madison Ave. Office Building	1,670,000.00	
		\$34,951,007.69
CURRENT ASSETS:		
Cash	\$7,018,028.71	
Receivables	4,688,204.02	
Marketable Securities	2,949,135.05	
Finished Goods	3,488,517.60	
Raw Materials, Supplies, etc.	2,864,854.31	
		21,008,739.69
Investment in Capital Stocks of Other Companies		6,033,312.65
Deferred and Suspended Assets		290,414.45
Trade Marks, Patents, and Good Will		5,942,876.36
TOTAL		\$68,226,350.84

THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

Consolidated General Balance Sheet, December 31, 1924

LIABILITIES

Mortgages \$246,000.00

CURRENT LIABILITIES:

Notes Payable—Bank Loans	None	
Accounts Payable	\$6,346,517.68	
Accrued Accounts, Taxes (estimated), etc.	2,216,431.25	
		8,562,948.93

Deferred and Suspended Liabilities		56,153.10
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TOTAL LIABILITIES TO OTHER THAN STOCKHOLDERS		\$8,865,102.03
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CAPITAL STOCK—THE BORDEN COMPANY:

75,000 Shares Preferred 6%		
(\$100 each).	\$7,500,000.00	
242,549 Shares Common		
(\$100 each).	24,254,900.00	
		\$31,754,900.00

RESERVES:

Depreciation	\$9,917,401.47	
Insurance, Contingencies, etc.	8,377,968.28	
		18,295,369.75

SURPLUS		9,310,979.06
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TOTAL CAPITAL STOCK, RESERVES, AND SURPLUS		59,361,248.81
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TOTAL		\$68,226,350.84
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THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

Statement of Consolidated Income and Profit and Loss

for the Year Ended December 31, 1924

GROSS SALES \$109,666,633.01

NET OPERATING PROFIT:

(After deducting all operating charges, including Depreciation,
Insurance, and Property Taxes) \$5,790,134.82

OTHER INCOME—Interest Received, Net 284,672.29

GROSS INCOME \$6,074,807.11

OTHER DEDUCTIONS—Income Taxes (estimated) 662,101.49

NET INCOME \$5,412,705.62

SURPLUS, January 1, 1924 8,650,772.67

TOTAL. \$14,063,478.29

LESS:

DIVIDENDS:

Preferred \$450,000.00

Common 2,136,800.00

Total Dividends \$2,586,800.00

Interest Paid on Subscriptions to Capital Stock 65,984.85

Appropriations for Reserves 1,950,633.98

Loss on Property and Securities Sold . . . 149,080.40

4,752,499.23

SURPLUS, December 31, 1924 \$9,310,979.06

ATLANTA
BALTIMORE
BIRMINGHAM
BOSTON
BUFFALO
CHICAGO
CINCINNATI
CLEVELAND
DALLAS
DENVER
DETROIT
KANSAS CITY
LOS ANGELES
MINNEAPOLIS
NEWARK
NEW ORLEANS

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

37 WEST 39TH STREET
NEW YORK

NEW YORK
PHILADELPHIA
PITTSBURGH
PORTLAND
PROVIDENCE
SAINT LOUIS
SALT LAKE CITY
SAN DIEGO
SAN FRANCISCO
SEATTLE
TULSA
WATERTOWN
HAVANA
LONDON
PARIS
SHANGHAI

THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

CERTIFICATE OF AUDIT

WE have audited the books and accounts of The Borden Company and its Subsidiary Companies for the year ended December 31, 1924.

We have verified the accounts representing cash and securities either by examination of such assets or by obtaining certifications of depositaries.

The charges to property accounts have been controlled by a conservative policy. Adequate reserves have been provided for depreciation of property and for possible losses, and full provision has been made for all known liabilities.

The inventories of finished goods and raw materials and supplies represent book balances as shown by the inventory records, which are adjusted from time to time to agree with physical inventories, and which were examined and appear to be correct, all inventory valuations being based upon cost or market, whichever was lower.

WE HEREBY CERTIFY that, in our opinion, the accompanying Consolidated General Balance Sheet and Statement of Consolidated Income and Profit and Loss correctly exhibit, respectively, the financial condition of the Companies at December 31, 1924, and the results of their operations for the year ended that date.

HASKINS & SELLS

New York, March 10, 1925

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Borden's